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# AGRICULTURAL COOPERATION

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION COLLECTED BY THE BUREAU OF AGRICULTURAL ECONOMICS.  
UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

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## MORE COTTON AND MORE MEMBERS FOR TEXAS ASSOCIATION

A distribution of \$5,360,970 was made to its members on March 25 by the Texas Farm Bureau Cotton Association, Dallas, Tex., bringing the total advances to \$23,186,866. The number of bales of cotton received so far this season is 181,863 as compared with 77,706 last season, an increase of 134%. Nine hundred new members were added to the roll during the first half of March and it is hoped to bring the present membership of 34,000 up to 50,000 or 60,000 before the 1924 marketing season begins.

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## CIRCULAR GIVING DATA FOR GRAIN-MARKETING ORGANIZATIONS

"Producer-controlled grain-marketing organizations in the United States" is the title of a 16-page, mimeographed circular recently issued by the Bureau of Agricultural Economics. This preliminary report covers information from 3,039 organizations, with analysis and interpretation of the data. Copies of the circular may be secured by addressing the Division of Agricultural Cooperation, Bureau of Agricultural Economics, U. S. Department of Agriculture, Washington, D. C.

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## CALIFORNIA FRUIT EXCHANGE HAS ITS OWN PUBLICATION

In order to develop a closer relationship between the members and the management, the California Fruit Exchange, Sacramento, Calif., is issuing a magazine entitled "The Blue Anchor." This new periodical is a monthly and the first number appeared in March, 1924. Questions of production, financing and marketing are discussed by writers of authority and many illustrations are carried. Each page and the cover is decorated with the blue anchor which is the trade mark of this organization.

BUSINESS INCREASED TWENTY FOLD IN SIX YEARS.

At the sixth annual meeting of the Eastern States Farmers' Exchange, Springfield, Mass., held on February 26, 1924, attention was called to the growth of the organization. It was reported that during the last fiscal year nearly 100,000 tons of feed, grain, fertilizer, seeds, and spraying material were furnished to 12,500 farmers at 428 railway points in the New England States and Delaware.

The volume of business handled by the exchange for each of the years that it has been active was reported to be as follows:

Year	:	Tons Handled	:	Amount of Business
1918	:	4,290	:	\$ 197,287
1919	:	15,196	:	967,224
1920	:	31,808	:	1,612,009
1921	:	37,885	:	1,567,061
1922	:	51,318	:	2,020,691
1923	:	97,536	:	4,651,508
Total	:	238,033	:	11,015,780

Organized in February, 1918, as a nonstock, nonprofit, co-operative purchasing association, the exchange is the property of the 12,500 farmers who have availed themselves of the opportunity to purchase their most important raw materials through it. Each of these farmers has been provided with a membership card. As soon as a reserve fund of \$100,000 has been built up the members will begin receiving patronage dividends proportional to the amount of their purchases. The deficits caused by the falling markets of 1920 and 1921 have been wiped out and on December 31, 1923, the surplus account showed a credit balance of \$26,655.

It is stated that operating expenses in 1923 were 2.53% as compared with 2.97% in 1922.

The management of the exchange is vested in a board of 25 directors. This board meets quarterly but is represented between such meetings by an executive committee of seven, meeting monthly.

Among the more important achievements of the organization are its fertilizer and feed pools. Fertilizer pools were conducted in 1920, 1922, and 1923. Through the feed pool of 1922 4,452 farmers were supplied with 33,000 tons of feed. In 1923 11,327 farmers were supplied with 91,719 tons of feed. This quantity represented 4,500 carloads -- 90 trains of 50 cars each -- approximately 30 cars for every working day for six months. The feed came from Peoria, Ill., in solid trains of from 50 to 60 cars and was distributed from the car door to the farmers who had placed orders, a local representative of the exchange, who had taken up the draft accompanying the bill of lading, collecting cash from each farmer as he came for his assortment. At the same time the local representative took orders to be filled by subsequent shipments.

SEVEN THOUSAND COOPERATIVES IN NORTH CENTRAL STATES

Over 45% of the 10,160 farmers' business organizations which had reported to the Department of Agriculture up to March 24, 1924, are in the seven West North Central States, Minnesota, North Dakota, South Dakota, Iowa, Missouri, Nebraska and Kansas. Over 25% of the associations are in the five East North Central States, Ohio, Indiana, Illinois, Michigan, and Wisconsin, and over 8% are in the three Pacific Coast States. The number of associations in each geographic division and the percentage which that number is of the total, is given below:

Geographic Division	: Number of Associations	: Per Cent
West North Central	4,579	45.1
East North Central	2,620	25.8
Pacific	634	6.3
Middle Atlantic	531	5.2
West South Central	492	4.8
Mountain	367	3.8
South Atlantic	363	3.6
East South Central	295	2.9
New England	256	2.5
United States	10,160	100.0

Of the 48 states Minnesota leads in regard to number of associations, 1,330 having been reported from that state. The other states with a large number of associations to their credit are: Iowa, 1,039; Wisconsin, 879; Illinois, 640; Nebraska, 477.

More than half of the grain marketing associations reporting are in five states; more than 70% of the associations reporting regarding the marketing of dairy products are in four states; 65% of the livestock shipping associations are in five states; while nearly 20% of the fruit and vegetable associations are in California.

The states from which the largest number of reports have come for the different kinds of associations, and the number of associations credited to each, are as follows:

Grain	Dairy Products	Livestock	Fruit and Vegetable
Illinois 397	Minnesota 548	Iowa 334	California 246
Iowa 345	Wisconsin 538	Minnesota 300	Arkansas 90
Nebraska 337	Iowa 228	Illinois 154	New York 89
North Dakota 326	Michigan 89	Wisconsin 144	Florida 82
Kansas 309	New York 78	Missouri 107	Minnesota 73

Seven hundred seventeen of the organizations cited are engaged in retailing. These are mostly cooperative stores and in part are located in the following states: Minnesota, 85; Nebraska, 86; Iowa, 84; Kansas, 68; Wisconsin, 49.

PLANS FOR THE INTERNATIONAL INSTITUTE ON COOPERATION

At a meeting of the organization committee of the International Institute on Cooperation, held in Washington, D. C., April 14, 1924, it was decided to hold the first general session of the institute in August or September of 1925. A preliminary conference to be held in Cleveland in August, 1924, has been announced.

It is expected that the larger and more important associations in all the principal countries will eventually become sustaining members of the institute. The chairman of the organization committee is Richard Pattee, Managing Director, New England Milk Producers' Association, and Charles W. Holman, Secretary, National Cooperative Milk Producers' Federation, is secretary of the committee.

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FARMERS' ASSOCIATIONS REPORT INCREASED BUSINESS

Many thousands of reports have been received from farmers' business organizations by the United States Department of Agriculture during the last twelve years. Eight hundred eighty-nine associations reported for 1912 a total business of \$123,215,073, which was an average of \$138,600 an organization. The average for the following year was \$100,100, and the average for 1922, for which year 4,103 reports were received, was \$215,700. The number of associations reporting for the different years, the amount of business reported, and the average amount of business per association, are given below:

Year	Associations Reporting	Amount of Business	Average Amount
:	:	:	:
1912	889	\$ 123,215,000	\$138,600
1913	3,099	310,313,000	100,100
1914	2,877	274,140,000	95,200
1915	504	52,722,000	104,600
1916	939	114,601,000	122,000
1917	859	192,136,000	223,600
1921	7,374	1,256,214,000	170,300
1922	4,103	885,183,000	215,700
1923	10,160	:	:

If the 10,160 organizations on the department's list at the close of 1923 transacted on the average as much business per association as did the associations whose reports for 1922 have been tabulated, then the total amount of business to the credit of the associations for 1923 was approximately \$2,200,000,000.

In the case of 924 associations, the department has the reports made in 1913, also those for 1921. These reports show an increase in volume of business of 89%. Five hundred eighty-three associations reporting for both 1913 and 1922 show an increase of 140% in volume of business transacted.

MICHIGAN POTATO GROWERS SIGNING FIVE-YEAR CONTRACT

A five-year contract is being submitted for signature to the 15,000 members of the Michigan Potato Growers' Exchange, Cadillac, Mich. This contract is to take the place of one which has been in use since 1918. The new agreement is of the agency type and provides for the pooling of returns from potatoes of like grade and quality, and runs for a period of five years. A successful potato farmer who is a director in one of the local units of the exchange, has been appointed to help conduct the campaign for signatures. It is expected that this campaign will be completed in time to permit the handling of the 1924 crop under the new contract. This organization is now marketing its seventh crop of potatoes.

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OHIO FARMERS RECEIVE A SUBSTANTIAL REBATE

The Ohio Farm Bureau Service Company, Columbus, Ohio, handled business amounting to \$1,532,890 in 1923. This company was organized early in 1923 for the purpose of buying supplies for farmers and selling certain of their products. Organization was effected under the corporation laws of Ohio and capital stock has been issued to the amount of \$10,000. All of the capital stock is held by the directors of the Ohio Farm Bureau Federation as trustees for the members of the federation.

Among the supplies purchased for farmers in 1923 were the following in the quantities indicated: Fertilizers, 36,494 tons; feed, 4,588 tons; binder twine, 413 tons; coal, 6,768 tons. Seeds and salt were also bought in quantities. As far as practical, local grain elevators and produce companies were used in the different communities in serving the farmers. In communities which had no local associations, county and township purchasing agents were appointed to aid in the purchasing and distribution of supplies. The greater part of the business was conducted on the basis of cash at the car door.

The expense of operation during 1923 was \$31,920, which was approximately 2% of the total business transacted. At the close of the year the sum of \$72,233 was distributed among those who had used the company, this being a rebate or patronage dividend amounting to 4.5% of the total business transacted.

Nearly 100 of the farmers' elevators of the state sold grain through the Grain Sales Department of the service company, established in July. This department has contacts with terminal elevators at such eastern points as Buffalo, New York, Philadelphia, Baltimore, and Pittsburgh, and because of this fact has been able to render a service that appealed to local shippers.

FINANCIAL STATEMENT ISSUED BY ATLANTIC COAST EGG PRODUCERS.

Income for 1923 of the Atlantic Coast Poultry Producers Cooperative, New York City, was \$756,355. The larger items making up this sum were: Sales of eggs, \$727,892; sales of poultry, \$11,746; sales of supplies to members, \$7,155. Producers were paid \$617,715 for eggs and poultry; transportation charges to New York amounted to \$32,675; and cold storage charges to \$6,402. Selling expenses were \$25,865; packing house expenses, \$16,119; and office, organization and general expenses, \$34,027; the largest item in each case being salaries. Total disbursements amounted to \$749,854, which left a net operating gain for the year of \$6,501.15. Operations of the previous year, ending December 31, 1922, resulted in a net loss of \$8,523.

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DISTRICT EXCHANGES BEING FORMED PREPARATORY TO A FEDERATION

District cooperative egg and poultry producers' associations are being formed in Minnesota preparatory to the bringing into existence of the Minnesota Cooperative Egg and Poultry Exchange, which is to be formed when fifteen district associations are in operation. Already one district association is completely organized with 800 members. A second district association with 1,000 members and 29 delivery or receiving points is just starting operation. A third district is nearly ready to handle eggs, and in a fourth district about 800 producers have signed the marketing agreement. It is proposed to start functioning in this district as soon as 1,000 signatures have been obtained to the agreement. The district associations serve from one to eight counties. Producers are to deliver eggs at designated creameries or other convenient points where they will be picked up by association trucks and taken to the central grading and packing plants and prepared for shipment and sale.

The marketing agreement being used in the formation of the district associations provides for the sale to the association of all marketable surplus eggs and poultry for the years 1924 to 1928, inclusive. Either party to the agreement may withdraw during a period of thirty days prior to any annual meeting after the second. Liquidated damages are fixed at 5¢ a dozen for eggs, \$1 a dozen for chickens, and \$3 a dozen for turkeys. The association agrees to pay for products delivered to it the amount of the resale price less actual handling charges and a reserve, not to exceed one cent per dozen for eggs and one cent a pound for poultry, which is to accumulate.

In settling with producers the association will pay the same price for products of like grade and quality during the same pooling period.

SHIPPING ASSOCIATION HANDLES QUANTITIES OF LIVESTOCK

Two hundred seventy-four cars of livestock were shipped during 1923 by the Renville Farmers' Shipping Association, Renville, Minn. Of these all but 27 were single deck cars. The number of cars shipped the previous year was 255. Receipts for hogs in 1923 amounted to \$290,231; for cattle, \$50,214; for calves, \$13,692; for sheep, \$2,502, making a total of \$357,339. The amount paid to patrons was \$334,417; freight to South St. Paul was \$17,438; manager's commission, \$3,492; feed charged on shipments amounted to \$1,015; and \$1,056 went to the sinking fund. The operations of 1923 resulted in a gain of \$32.38 as compared with \$655 in 1922. A refund from the Central Cooperative Commission Association amounted to \$656.

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ILLINOIS BROOMCORN GROWERS PLANNING FOR FUTURE

With the National Broomcorn Growers' Exchange as an objective, the growers of Illinois are forming the Illinois Broomcorn Growers' Cooperative Association. It is proposed that the Illinois growers, when organized, shall join with the Oklahoma and Texas growers in setting up a national organization which will become the selling agency for the state associations.

The first step toward organization by the Illinois growers was taken at a meeting at Mattoon in August of 1923, when a committee was appointed to investigate the cooperative marketing of broomcorn in Oklahoma. The committee reported in November of 1923, whereupon plans were developed for the Illinois organization. Under the plan adopted it will be necessary to obtain the approval of 75% of the broomcorn growers in the eight counties of Illinois where this crop is grown, by June 1, 1924. A committee of twenty-three is directing the campaign which aims to create an association that will receive, grade, store, and sell the broomcorn of the members. If necessary the association will acquire, by purchase or otherwise, needed warehouses for the proper handling of the crop.

According to the marketing agreement being signed by the prospective members, the growers agree to sell and the association agrees to buy all broomcorn produced during the five years, 1924 to 1928. It is provided that the association shall classify all broomcorn received and pool that of like grade and quality. Liquidated damages are fixed at 2¢ a pound. Provision is made for creating and maintaining a central agency which shall represent the several state associations. Deductions for reserves are limited to 2½ of gross resale price. The contract is to run for as long as the grower produces broomcorn, directly or indirectly.

ARKANSAS CREDIT CORPORATION SECURES ITS CHARTER

Organization of the Arkansas Rice Growers' Agricultural Credit Corporation, Stuttgart, Ark., has been completed, the charter has been received, and payments of stocks are coming in. As soon as the first \$10,000 is received the corporation will be ready to begin business by making loans for productive purposes. The Arkansas Rice News states: "The organization of the Arkansas Rice Growers' Agricultural Credit Corporation is considered by far-thinking men and women as another big step toward the full emancipation of the rice farmer from an onerous system of production credits as well as marketing methods." Everyone is urged to aid the new corporation as it is "good for everybody and bad for nobody, and will prove a boon to us all."

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SOME OF INDIA'S COOPERATIVE SOCIETIES

Cooperative societies in the Province of Coorg, India, increased 8% in numbers in the year ending June 30, 1923, while the membership increased 11% and the working capital increased 20%, according to a published report of the Chief Commissioner. On the date mentioned there were 153 societies with 7,910 members, and working capital of Rs. 317,589. (Par value of the rupee equals 32.433 cents.)

Progress of the agricultural societies was reported as "on the whole satisfactory notwithstanding the absence of supervision." The importance of supervision has now been recognized by the Government and five non-official inspectors have been appointed, and the appointment of an official cooperative inspector has been sanctioned. Two supervising unions have been formed but have not begun to function. It is hoped that these measures will result in marked improvements as "the notion that a cooperative society is merely an easy means of obtaining a loan is still too prevalent." During the year four agricultural credit societies were registered, also five grain banks, and one society for weavers, making the total number of societies, including the Central Bank, two supervising unions, and ten cattle insurance societies, 166. Figures for the year ending June 30, 1923, are as follows:

Year :	Agricultural credit societies dealing in cash and grain, non-agricultural credit societies, purchase, purchase and sale societies, and weavers' society
:	Number : Number : Deposits,: Loans : Loans : Reserve: Work-
:	of so- : of : individu-: from : from : Fund : ing
:	cieties : Members: als and : Central: Govern-: : capital
:	: : societies: Bank : ment : :
:	: : (Rupees):(Rupees): (Rs.) : (Rs.) : (Rs.)
1920-21 :	132 : 6,332: 99,015 : --- : 970: 74,053: 225,934
1921-22 :	143 : 7,150: 115,630 : 9,500 : 1,400: 84,054: 264,701
1922-23 :	153 : 7,910: 133,995 : 32,572 : 1,995: 94,622: 317,589

LEGISLATION FOR COOPERATIVES IN SOUTH CAROLINA

The legislature of South Carolina has enacted two laws which are of special interest to the members of the cooperative marketing associations operating in the state. One of the new laws requires that tobacco sold in the state must be sold in the name of its true owners, and the second provides for the recording of the contracts and lists of members of cooperative associations in each county, that such filing may serve as notice to all persons who would deal with members. It is expected that the latter mentioned law will be of considerable assistance in protecting cooperative associations and their members from interference by parties who might wish to discredit the selling activities of the organization by inducing members to break their contracts.

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BURLEY SCRAP TOBACCO BRINGS MONEY TO GROWERS

Announcement was made recently by James C. Stone, General Manager of the Burley Tobacco Growers' Cooperative Association, Lexington, Ky., that the 1923 scrap tobacco had been sold for \$150,000. Early in the season the managers of warehouses and redriers were instructed to save and keep clean all scraps from receiving plants, redrier floors and workrooms. In consequence a total of 1,500,000 pounds was saved which has been sold for 10¢ a pound. This does not include all the scrap for the year and a considerable sum is expected in addition from further sales. It is pointed out by the General Manager that the receipts from scraps during the three seasons that the association has been operating have been sufficient to pay the salaries of the executive officers of the organization.

Prior to the formation of the present organization the tobacco which became scrap in the handling of a crop was a total loss to the grower.

The attention of members of the Burley association is being called to the possibility of an overproduction of tobacco, and it is suggested that it might be advisable to substitute other crops in part for tobacco during the coming planting season.

On March 5 the board of directors of the association authorized a third payment on the 1922 tobacco, although a considerable quantity is still in storage unsold.

At the same meeting of the board of directors, the president of the association was authorized to take steps toward the establishment of an agricultural association for the purpose of lending money to members of the Burley Tobacco Growers' Cooperative Association on the basis of their participation receipts.

WAREHOUSE RUN AT A LOW COST

An increase of 145,000 pounds in the quantity of cheese handled during 1923 as compared with the preceding year, was reported by the Minnesota Cheese Producers' Association, Pine Island, Minn., at the annual meeting held on March 6. The total quantity handled was 2,915,920 pounds, and the amount received from sales was \$634,392. A cream business, started during the year, brought in \$2,306, netting the association \$611. An attempt to handle eggs in a limited way resulted in a loss of \$7.74.

This organization is one of the district exchanges of the Wisconsin Cheese Producers' Federation. A warehouse and equipment representing an investment of \$37,000 is held by a separate company in which the association is a stockholder to the amount of \$7,000. The association also holds \$250 worth of the stock of the Wisconsin Cheese Producers' Federation.

Cost of running the Pine Island warehouse during 1923 was less than five-eighths of a cent per pound for the cheese handled. Seventeen Minnesota cheese factories are served by this district exchange and warehouse.

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KANSAS EXCHANGE PRESENTS ANNUAL REPORT

Gross sales amounting to \$307,391, and a net profit of \$4,152, were reported for the year 1923 by the Peabody Cooperative Equity Exchange, Peabody, Kan., at the annual meeting February 27, 1924. The manager stated in his annual report that the business was showing a healthy growth and that every commodity handled during the past year brought a net profit except barley, eggs, and machinery. The following figures show the gross gains or losses on each commodity:

Wheat . . . . .	\$ 7,360.48
Corn . . . . .	74.81
Oats . . . . .	1,769.22
Rye . . . . .	1.32
Kaffir . . . . .	18.90
Coal . . . . .	1,211.19
Feed . . . . .	868.51
Groceries. . . . .	2,589.82
General Merchandise. . . . .	256.90
Cream. . . . .	1,307.42
Twine. . . . .	<u>250.38</u>
	15,709.15

Loss on barley . . . . .	\$ 13.98
Loss on poultry & eggs	5.19
Loss on machinery. . . . .	<u>8.97</u> <u>28.13</u>
	\$ 15,681.02

COST OF OPERATING WHEAT POOLS

Cost of operating the wheat pools in the several states in 1923 is shown in a statement issued by the president of the American Wheat Growers Associated, and published in the Wheat Grower, April 1, 1924. As the costs of operating the North Dakota pool are reported as slightly higher than those of any other of the nine state associations making up the American Wheat Growers Associated, figures taken from the books of the North Dakota association were used by President W. J. Brown. They include all charges except freight and are as follows:

Operating Charges

	Rate per bushel
Administration expenses . . . . .	\$.01
Office upkeep . . . . .	.006
Supervision and statistics. . . . .	.002
"The Producer". . . . .	.001
Maintaining Minneapolis and Duluth offices.	.005
Reserve withheld. . . . .	<u>.005</u>
	.029

Direct Charges

Interest paid banks . . . . .	.012
Elevator handling and storage charges . . .	.058
Terminal handling and storage charges . . .	.017
Farm storage . . . . .	.019
Insurance and taxes . . . . .	<u>.002</u>
Grand Total . . . . .	\$ .137

An explanation of several of the items includes the statement that "farm storage" is not a real charge as it is paid back to growers who stored their wheat until such time as it could be handled to advantage by the association.

Cost of operation of the pool of the Southwest Wheat Growers' Association, through which the 1922 Texas and Oklahoma wheat was marketed, is given as 14.6¢ per bushel, made up as follows: Overhead, 2¢ plus; interior handling and storage, 4.6¢; terminal elevator carrying charges, storage, etc., 8¢ minus. The item of 8¢ included cleaning, reconditioning and mixing at the terminal, and this process resulted in 3¢ per bushel gain to the association, making the total net charges for the year 11.6¢ per bushel.

In Nebraska the total charges for handling the pool in 1922 amounted to 17.14¢ per bushel, against which sum was a counter credit of 5.5¢ paid to growers for farm storage and interest, leaving the net cost of the pool for the 1922 wheat, 11.5¢ per bushel.

The statement further affirms that the books of the North Dakota Wheat Growers' Association are open for inspection to those having a friendly interest in the growers.

INDIANA TO HAVE A CANNING CROPS EXCHANGE

Fifteen local canning-crops associations had been formed in Indiana on March 28, with prospects of others to be formed in the near future. It is proposed to form a local canning-crops association in every community of the state which furnishes produce to canning factories, then to federate the locals into the Indiana Canning Crops Exchange. More than the required minimum volume of business has been secured and the organization work is making rapid progress. A marketing contract providing for sale of products by the producer to the local association, is being used.

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SEASONAL VARIETY POOLS FAVORED BY FRUIT AND VEGETABLE COOPERATIVES

Recently collected data relative to the pooling practices of 476 associations handling fruits and vegetables, indicate that seasonal pools by variety are the most popular. Over 46.2% of the associations reporting use this type of pool. The percentage of associations handling some of the more important products through seasonal pools are as follows: Apple associations, 87.1%; cranberry, 80%; sweet potato, 80%; peach 71.4%; grape, 57.1%; citrus fruit, 30.6%.

Following the variety seasonal pool in popularity comes the weekly pool, then the monthly pool and the daily pool. The percent of the 476 associations pooling the returns received for products shipped during periods of different lengths, are as follows:

<u>Length of Pool</u>	<u>Per Cent</u>
Season	46.2
Week	11.6
Day	10.3
Month	10.1
8 to 15 days	6.3
2 to 3 days	4.8
Other periods	10.7
Total	100.0

The daily pool is the most common with the strawberry associations, 59.2% employing this type. Five of the six watermelon associations reporting, pool returns over periods of two and three days. The 48 potato marketing associations reported pooling periods as follows: One day, seven associations; 2 to 3 days, six; one week, fourteen; 8 to 15 days, four; one month, five; one-third of a season, two; semi-seasonal, one; seasonal, nine.

Of the 39 associations handling apples, one reported a pooling period of 2 and 3 days; four, a period covering one-half of the season; and all the others reported seasonal pools.

COURT REQUIRES SIGNING OF MARKETING CONTRACT

In the case of the Poultry Producers of Central California v. Murphy, recently decided by the District Court of Appeals of California, 221 Pac. 962, the plaintiff brought suit against the defendant for the purpose of compelling him to sign the marketing contract or "produce sale agreement," to recover \$7.50 due on his stock subscription, and to recover liquidated damages for eggs sold by him in violation of the terms of the agreement, and to compel him to perform the same specifically. It appeared that prior to the organization of the Poultry Producers of Central California the defendant signed a subscription agreement which provided for the organization of a corporation and under which each producer agreed to purchase stock on the basis of one share for each 1,000 hens owned by the subscriber. It further provided that the corporation should be organized upon the securing of subscriptions in a certain amount, and also made provision for the number of directors, the manner of their selection, and various other things usually contained in such a membership agreement. It also stipulated that the corporation should have an option to repurchase its stock. The defendant owned about 1,000 hens and subscribed for one share of stock at the time he signed the subscription agreement and paid \$2.50, representing 25% of the subscription price, which in the terms of the subscription agreement was to be applied on the stock if the organization was completed. To the subscription agreement was attached the "produce sale agreement" providing that the subscriber should sell and deliver to the corporation which was to be organized, all eggs produced by him during the years 1917, 1918, and 1919. The agreement also contained provisions with respect to the pooling of eggs of like grade and quality and the marketing of them, and also provided for the making of proper deductions for marketing costs and overhead expenses and the payment of the net resale price to the various stockholders who delivered the eggs. It also contained a provision that the corporation might recover liquidated damages for the eggs sold by a subscriber in violation of the terms of the agreement.

The required number of subscriptions were secured and the corporation was organized. The defendant refused to sign the produce sale agreement and sold 11,400 dozen eggs in violation of the agreement. The lower court rendered judgment in favor of the plaintiff for \$577.50, of which \$7.50 was the balance due on the stock subscription, and \$570 was for liquidated damages for the failure of the defendant to deliver eggs to the plaintiff in accordance with the terms of the produce sale agreement, which the court held the defendant must sign. The defendant appealed the case and attacked the judgment of the lower court on two principal grounds: First, that the provision in the subscription agreement which gave the corporation an option to repurchase its stock was illegal and rendered the entire contract void, and Second, on the theory that the lower court erred in requiring him to sign the produce sale agreement. The District Court of Appeals held that the provision in the

contract giving the corporation an option to repurchase its stock was invalid, but said that this did not operate to invalidate the other portions of the produce sale agreement.

Attention is called to the fact that in several states it is legal for a cooperative corporation to provide for the repurchase of its stock. The Appellate Court held that it was proper to require the defendant to sign a produce sale agreement and in this connection cited the case of Wharton v. Stouterburgh, 35 N. J. Eq. 266, and otherwise affirmed the judgement of the lower court. It stated that the conclusion of the trial court that the plaintiff was not entitled to have the produce sale agreement specifically performed, was correct. In this case attention is called to the fact that in a large number of states it has been held that a cooperative association is entitled to have its marketing contract specifically performed. The conclusion of the courts of California upon this subject was made necessary by a statute which practically forbade allowing the remedy of specific performance under conditions like those discussed in this case. It is believed that this is the first case in which a court has held that a cooperative association was entitled to have its marketing contract signed by one who had previously subscribed to the organization and subscription agreements.

L. S. Hulbert.

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#### OHIO DAIRY COMPANY TO ADOPT NEW CONTRACT

A new marketing contract has been prepared by the Northwestern Cooperative Sales Company, Wauseon, Ohio, and plans are under way to secure 5,000 signatures to the same.

The new agreement requires that each member shall purchase one or more shares of capital stock at \$50 a share, to be paid in cash or by deductions from milk checks. Each member shall deliver all milk or cream produced for market upon any farm owned or controlled by him during the three years following date of signature, and continuously thereafter unless sixty days advance notice of withdrawal is given.

This association was organized about four years ago, operating merely as a bargaining organization. Shares of stock were \$5 each. It has 4,000 members and the management believes that it has been directly responsible for the comparatively favorable price the farmers have been receiving for their milk and cream. The company has also been a means of education to the producers in matters of production as well as in working cooperatively.

At a meeting of the stockholders on March 14 the new contract with the pooling clause was approved, as was also the plan for increased capitalization.

PECAN GROWERS ADOPT MARKETING AGREEMENT

A marketing agreement has been put into effect by the National Pecan Growers' Exchange, Albany, Ga., a nonprofit, noncapital stock organization, chartered under the cooperative marketing act of the State of Georgia enacted in 1921. This contract provides that all pecan nuts owned or controlled by the signers of the agreement shall be sold through the exchange for the years 1924, 1925, 1926, 1927 and 1928, the exchange functioning in the capacity of sales agent. All nuts are to be graded and those of like grade, type and quality intermingled for marketing purposes. Advances are to be made upon the nuts delivered as the financial conditions of the exchange will permit. Liquidated damages in case of non-delivery are fixed at from 2¢ to 7¢ a pound according to variety and grade of nuts.

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MICHIGAN WOOL GROWERS PLANNING STATEWIDE ASSOCIATION

Under the direction of an organization committee of wool growers an active campaign is being conducted in behalf of the Michigan Wool Growers' Cooperative Marketing Association. At a meeting held in Lansing, Mich., March 11, 1924, organization and marketing agreements were adopted and steps taken to conduct a canvass for members in the wool-producing sections of the state. The organization agreement provides for the creation under the state cooperative law of a non-profit corporation governed by a board of directors, said directors to be chosen by elected delegates from informal local associations of wool growers, in districts covering one or more counties. Each member will be entitled to cast one vote and only one for a delegate. The board of directors will select an executive committee of five members which will function between meetings of the board.

The marketing agreement provides for the delivery of wool to the association which will handle same on an agency basis, at a charge to members of not more than 2 3/4¢ a pound, and a charge to nonmembers of not more than 3 1/4¢, providing the association handles 3,000,000 or more pounds a year. In addition the agreement provides for a deduction of 25¢ a year from the returns due each member for a subscription to an association paper. The contract runs until one of the contracting parties terminates it.

Provision is made in the agreement whereby a dissatisfied member may withdraw during February of any year. Liquidated damages are placed at 5¢ a pound. Both organization and marketing agreement become effective if the signatures of growers producing 500,000 pounds of wool are obtained by February 1, 1925.

It is planned to unite with the Ohio Wool Growers' Association for the purpose of selling. Wool is to be shipped direct to the warehouse at Columbus where the fleeces will be graded and offered for sale. Prospective members of the association are to forward their 1924 clips to the Ohio warehouse for handling this season.

### PLANS FOR HANDLING MONTANA WOOLS COOPERATIVELY

Detailed plans have been formulated by the Montana Wool Cooperative Marketing Association, Helena, Mont., for the handling of the 1923 clip of its members. This association which was formed in 1923 now has a membership of 194. Approximately 3,000,000 pounds of range wools of the 1923 clip was handled during the first business year.

Plans for handling the 1924 wool include an advance of one dollar a fleece prior to shearing, with a minimum of \$1,000 for a single loan. Interest will be charged at the rate of 7% until the wool is shorn. The total of loans up to and at time of shearing is not to exceed 50% of the market value of the wool. After bills of lading of wool shipments have been received, additional amounts will be advanced and the interest rate on the entire loan reduced to 6%, arrangements having been made to secure funds through the Intermediate Credit Bank at Spokane at 5 1/2%.

According to the terms of the marketing contract, the members agree to sell and the association agrees to buy the wool clips of 1924, 1925 and 1926. The association agrees to resell the wools and to turn over to the producers the net amounts received after deducting handling and selling expenses and reserves not to exceed one per cent of the gross resale price. Liquidated damages are fixed at 5¢ a pound.

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### VIRGINIA WOOL GROWERS' ASSOCIATION COMPLETES SECOND YEAR

Since its reorganization in 1922 the membership of the Virginia Cooperative Sheep and Wool Growers' Association has increased from 470 to 1,200. The marketing contract adopted following reorganization provides for the sale of the wool of the producer-members to the association for a term of two years, and then continuously until cancelled by one of the contracting parties before January 1 of any year. Liquidated damages, in case of failure to deliver to the association all wool or mohair produced or controlled by the member, are placed at 5¢ a pound.

There was an increase of 140% in the quantity of wool handled in 1923 as compared with 1922, an increase of 173% in the gross receipts, and an increase of 166% in the amount paid the producers. The figures regarding the business of the two years are as follows:

Year	: Number of : Members	: Wool : Handled : (Lbs.)	: Receipts from : Sales	: Paid : Producers
1922	: 470	: 87,316	: \$ 39,290	: \$35,730
1923	: 1,200	: 210,000	: 107,475	: 95,131

In 1922 the producers were paid nearly 91% of the gross amount received for the wool, and in 1923 nearly 89%.